

**Raub Brock Capital Management, Inc.** (“Adviser”) is the business name for the investment advisory services firm whose principals are David W. Raub and F. James Brock. Raub Brock Capital Management, Inc., provides investment supervisory services, which consist of making investments for clients based on the client’s individual needs. Individual needs include, for example, the nature of other client assets and the client’s personal, business and family obligations.

**Registered Investment Adviser.** Adviser initially registered as an investment adviser with the California Department of Corporations in 2001. In 2004, Adviser re-registered with the United States Securities and Exchange Commission. Adviser currently manages approximately \$94 million for about 73 clients.

**Types of Investments.** Adviser offers advice regarding, and may purchase and sell for client accounts, the following types of securities: (1) equity securities, including exchange-listed securities, securities traded over-the counter, and securities of foreign issuers, and warrants for equity securities; (2) corporate debt and US and foreign government debt securities; (3) municipal debt and lease securities; (4) mutual fund shares; (5) commercial paper; and (6) certificates of deposit.

In selecting securities to recommend to clients or to purchase or sell in client accounts, Adviser uses both fundamental and technical analysis methods. Adviser derives information to use in selecting and recommending securities to purchase and sell from publicly available sources including financial newspapers, magazines and newsletters, research material prepared by others, corporate rating services, and annual reports and filings with the US Securities and Exchange Commission.

Generally, Adviser purchases securities in client accounts with the intent to hold them for one year or more (long term), although occasionally and when warranted, securities will be held for the short term only (less than one year). Adviser does not use “short sales” in implementing investment advice for clients. Adviser generally does not engage in the purchase of securities on margin for clients, although Adviser may do so to cover short-term portfolio liquidity needs, or when the client requests that Adviser do so.

**Limited Discretionary Authority.** In most cases, client gives Adviser “limited discretionary authority.” This means that Adviser may determine without obtaining client’s specific consent which securities to buy and sell, the amounts of securities to be bought or sold, the broker or dealer to be used, and the commission rates paid.

**Relationship with Charles Schwab & Company.** Adviser recommends that clients maintain their accounts with Charles Schwab & Company ("Schwab"). Schwab serves as custodian for all client funds and securities. Adviser does not hold any client funds or securities.

Adviser places trades in client accounts primarily through Schwab. Any commissions or other costs imposed by Schwab for a transaction are charged to the client's account. Schwab provides to Adviser at no charge important administrative services, investment management software, and on-line trading and information services that relieve Adviser of significant administrative burden and expense. The services provided by Schwab to Adviser benefit all of Adviser's clients generally by allowing Adviser to provide a higher level of customer service at lower cost. While the client pays commissions that are discounted from Schwab's regular retail commissions and generally lower than commissions charged by so-called "full service brokers," the commissions Schwab charges to Adviser's clients may exceed those charged by other brokerage firms, and may exceed commissions charged by Schwab to certain of its retail customers who trade electronically or who engage in high trading volume.

Other than services Adviser receives from Schwab, Adviser receives no compensation from Schwab for recommending that clients maintain securities accounts at Schwab. Adviser does not directly or indirectly compensate any person for referring clients to Adviser.

**Review of and Reports on Client Accounts.** All investment advisory services are provided by Adviser's principals. Mr. Raub reviews each account generally every business day for accuracy of transactions and to verify accuracy of in-house client records compared to client's brokerage firm records, and at least quarterly to determine whether asset allocation and investment performance correspond to the client's needs and goals.

Each client receives from the account custodian (usually Schwab) written confirmations for each transaction and regular monthly reports showing portfolio position, valuation and transactions. Adviser provides clients with quarterly reports showing portfolio positions, valuations and asset allocation. Adviser also provides annual reports showing positions, valuations, asset allocation, dividends and interest received, recognized capital gains and losses, and portfolio performance.

**Investment Advisory Fees.** For most clients, Adviser provides investment supervisory services for a fee based upon client assets under management.

Managed Accounts: Adviser shall be entitled to a fee at the end of each calendar

quarter. The fees are charged quarterly, in arrears, at one-fourth the annual rate, applied to the account value at the end of the quarter as reported by Schwab.

The fees for existing clients are based on a sliding scale:

- 1.00% annually for the first \$1 million in assets
- 0.80% annually for the assets between \$1 million and \$2 million
- 0.60% annually for all assets over \$2 million

The fees for new clients are based on a similar sliding scale:

- 1.00% annually for the first \$2.5 million in assets
- 0.80% annually for the assets between \$2.5 million and \$5 million
- 0.60% annually for all assets over \$5 million

The minimum quarterly fee is \$1,250. The Client bears all transaction costs. Adviser receives authority from Client to instruct the Custodian to remit fees directly to Adviser. If fees are billed directly to Client, payment on any invoice is due within ten days of receipt.

Some Custodians credit certain mutual fund distributions on the first business day of a month that were due to Client on the last business day of the prior month. In determining assets under management for purposes of calculating fees due Adviser, the assets under management include those distributions due Client on the last business day of the quarter but not actually credited to Client by Custodian until the first business day of the following quarter.

Non-Managed Accounts: Adviser shall be entitled to a fee based on the rate of \$250 per hour. Adviser is also entitled to be reimbursed for any out-of-pocket expenses incurred on behalf of Client. Payment on any invoice for services is due within ten days of receipt. Fees for clients with multiple accounts are usually determined by aggregating the account balances to determine the overall fee, then allocating fees to each of the multiple accounts on a pro rata basis.

Clients may terminate the investment advisory agreement at any time upon written notice to Adviser. In the event of termination, the client is obligated to pay any unpaid fees, prorated to the date of termination; unearned fees, if any, will be returned to the client.

Adviser has no minimum account size. There is, however, a minimum quarterly fee of \$1,250, which is equal to the fees on an account size of \$500,000.

**Investment Advice and Decisions.** Mr. Raub, Mr. Brock and Mr. Paine are the only persons affiliated with Adviser who provide investment advice to clients or who have authority to make investment decisions for client portfolios.

**David Raub** was born May 20, 1944. He graduated from the Pennsylvania State University (BA 1966) and from Harvard Law School (JD 1969). For the past twenty five years, he has engaged in the private practice of law, specializing in estate planning, probate and trust administration, as well as civil and probate litigation. For the past sixteen years, he has provided investment advisory services to individuals, pension and profit sharing plans, estate, trusts and charitable organizations as a Registered Investment Adviser.

Mr. Raub is also a practicing attorney with the firm of Canterbury & Raub, specializing in estate planning, probate and trust administration. No legal services are included in investment advisory agreements with clients. No person affiliated with Canterbury & Raub other than Mr. Raub provides any investment advisory services. The law firm receives no portion of any fees for investment advisory services provided by Adviser.

Approximately seventy five percent of Mr. Raub's time is devoted to the investment advisory business and the remaining time to the practice of law.

**Jim Brock** born April 4, 1945, graduated with a Bachelor's Degree from the University of Vermont in 1974. Mr. Brock has earned the Chartered Financial Consultant (ChFC) and Chartered Life Underwriter Designation (CLU) through The American College.

Mr. Brock has worked since 1970 years assisting families, business owners and professionals in the areas of business succession planning, employee and key executive benefits, wealth creation, preservation and transfer. In recent years, Mr. Brock has provided investment advisory services to individuals as a Registered Investment Adviser.

**Bill Paine** born October 14, 1967 graduated with a Bachelor's Degree from Georgetown University in 1990. Prior to joining Raub Brock Capital in April of 2006 Mr. Paine worked in the fixed income arena covering strategic West Coast accounts and managing a sales office for Spear, Leeds & Kellogg. Mr. Paine's current responsibilities include monitoring client portfolios and developing new client relationships.

**Adviser's Own Security Transactions.** Adviser may purchase and sell for the

accounts of its principals and related persons securities that Adviser may recommend, purchase or sell for clients, where a client's needs and goals may be similar to those of Adviser, its principals and related persons. Adviser makes every effort to assure that such securities are purchased and sold for clients on terms that are at least as favorable to the client as those available to Adviser, its principal and related persons.